

YOUNG, SHERON

From: RUPP, MARY F
Sent: Monday, October 03, 2005 9:53 AM
To: YOUNG, SHERON
Subject: FW: Proposed Rule Part 741.8

From: Gary Tuma [mailto:gtuma@smartcu.org]
Sent: Tuesday, September 27, 2005 6:53 PM
To: _Regulatory Comments
Subject: Proposed Rule Part 741.8

I am very concerned about the information provided concerning the modification of current CUSO investment regulations. I strongly believe this is a time for all credit unions to use their combined resources to innovate and create new means of providing member service that sets us apart from the increasingly fierce competition. Reference is made to review this Rule because of potential "safety and soundness" concerns. Are there specific examples where state chartered credit unions have mismanaged the ability to "make investments beyond those authorized for federal credit unions"? Please do not ignore the fact that some CUSO investments are not made solely for immediate profits. There are some very legitimate, prudent and sound business decisions that focus on service, convenience and improved delivery systems via CUSO operations.

As the CEO of a state chartered credit union in Texas, I am also concerned about the impact of any revisions on the ability of our credit unions to continue as owners of Town North Bank. The Bank has been an excellent investment for credit unions for many years and continues to produce strong results for its owner credit unions. Aside from the card operations the Bank provides to many large and small credit unions across the country, TNB is a perfect vehicle for new programs and services that credit unions will desperately need in years to come. Ownership of TNB has enhanced the bottomline performance of stockholder credit unions through sound operations and a strong focus on providing cost effective solutions. Any change that would limit or deny ownership would negatively impact not only the stockholders of the Bank, but also the hundreds of credit unions who utilize TNB services.

Instead of placing more restrictive rules on the ability of credit unions to work together to increase operating efficiencies and improve our product offerings, why not look at ways to foster innovative solutions to put credit unions in a stronger position to effectively serve the millions of Americans we are here to serve. Limiting state chartered credit unions by restricting CUSO investments will only stifle our future opportunities. I urge the NCUA Board to look for ways to increase credit unions' ability to develop unique and creative solutions.

If there are clear examples of credit unions making inappropriate decisions on CUSO investments, I certainly support regulatory intervention to correct the problems, however, any change that restricts individual credit unions from making informed, prudent business decisions will only stagnate our ability to find new ways of working together for the benefit of all. Please do not place undue restrictions on our collective efforts to create competitive advantages at a time when we need them so desperately.

Gary Tuma, CCUE
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